

## COUNCIL OF THE DISTRICT OF COLUMBIA THE JOHN A. WILSON BUILDING 1350 PENNSYLVANIA AVENUE, NW WASHINGTON, D.C. 20004

CHRISTINA HENDERSON Councilmember, At-Large **Committee Member** 

Government Operations and Facilities Health Labor and Workforce Development Transportation and the Environment

## Statement of Introduction for the Fairness in Renting Clarification Amendment Act of 2022 October 26, 2022

Today, I am introducing the Fairness in Renting Clarification Amendment Act of 2022, along with Chairman Phil Mendelson, Councilmembers Elissa Silverman, Brianne K. Nadeau, Mary M. Cheh, and Robert C. White, Jr.

This legislation would amend the Rental Housing Act of 1985 to clarify that landlords may not charge exorbitant fees associated with processing applications for rental housing, and raises the notice period for rent increases from 30 days to 60 days. It is important that tenants have predictability in the types and costs of fees when applying for rental housing and that they have advance notice of potentially unaffordable increases in rental rates with adequate time to secure new housing accommodations if necessary.

The Council recently acted to strengthen tenant protections by passing the Eviction Record Sealing Authority and Fairness in Renting Amendment Act of 2022. This legislation was necessary and long overdue, but it did not anticipate all of the ways that landlords extract fees from prospective tenants. The law currently prohibits landlords from charging application fees over \$50, but is silent regarding charges associated with the landlord processing an application. This legislation cuts off landlords' ability to charge exorbitant and nebulous fees by defining "processing fee" and establishing a formula to govern the fee amount that is tied to the cost and amount of labor needed process an application.

The bill also prohibits landlords from charging new or departing tenants with fees associated with maintaining the implied warranty of habitability in a unit. Landlords are required to keep units in good repair, and the costs associated with meeting that obligation should not be passed off to tenants. However, this provision does retain the landlord's ability to withhold a security deposit for the replacement value of items a tenant may have damaged during their lease that go beyond the standard of "ordinary wear and tear."

Finally, this legislation would require landlords to provide tenants with 60 calendar days' notice of a change in a rental rate. If a tenant is unable to afford to remain in their home due to a rent increase, they need adequate time to locate a housing option that meets their needs. One month is not enough time to reorder one's life, and residents deserve adequate time to find a new housing option that enables them to remain District residents in a neighborhood and at a price point that meets their needs.

The District's rental market is competitive and costly. It is important to ensure that residents have clarity about the actual costs of housing by requiring fee transparency. Clear notice about the long-term costs of housing will enable residents to make housing choices that they can afford, and I look forward to working with my colleagues to implement these additional and necessary tenant protections.

1 2	Chairman Phil Mendelson  Councilmember Christina Henderson
3 4 5 6	Councilmember Elissa Silverman  Bunne K. Nadeau  Councilmember Brianne K. Nadeau
7 8 9 10 11	Councilmember Mary M. Cheh  Councilmember Robert C. White, Jr.
12 13 14 15 16	A BILL
17 18 19 20 21	IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
22 23 24 25 26 27 28	To amend the Rental Housing Act of 1985 to limit the amount of fees that a housing provider may charge a prospective tenant associated with processing an application for rental housing and to increase the notice period for rent increases from 30 days to 60 days.
28 29	BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
30	act may be cited as the "Fairness in Renting Clarification Amendment Act of 2022.".
31	Sec. 2. The Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C.
32	Official Code § 42-3501.01 et seq.), is amended as follows:
33	(a) Section 103 (D.C. Official Code § 42-3501.03) is amended by adding a new
34	paragraph (24A) to read as follows:
35	"(24A) "Processing fee" means any fee associated with processing an application for
36	rental housing.
37	(b) Section 510 (D.C. Official Code § 42-3505.10) is amended as follows:

38	(1) Subsection (a)(9) is amended by striking the phrase "; and" and inserting the
39	phrase "and processing fee; and" in its place.
40	(2) Subsection (b) is amended to read as follows:
41	"(b)(1) A housing provider may require a prospective tenant to pay an application
42	fee or a processing fee.
43	"(2) An application fee may not be more than \$50; provided that
44	beginning on January 1, 2024, the application fee may be adjusted annually by the housing
45	provider, or his or her agent, commensurate with an increase in the Consumer Price Index for All
46	Urban Consumers published by the United States Bureau of Labor Statistics.
47	"(3) A processing fee may not be more than the current minimum wage in
48	the District multiplied by 10.".
49	"(b-2) A housing provider shall not charge a fee to a prospective tenant before
50	move-in or to a tenant after move-out for services required of the housing provider to maintain a
51	unit in a condition consistent with the implied warranty of habitability; provided that nothing in
52	this subsection prohibits a housing provider from withholding a tenant's security deposit to
53	replace damaged items if the tenant has caused damage to the unit beyond the standard of
54	ordinary wear and tear as defined in section 217 of the Rental Housing Act of 1985, effective
55	July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42–3502.17).".
56	(3) Subsection (c) is amended by striking the phrase "paid by the prospective
57	tenant within a reasonable time, not to exceed 14 days." and inserting the phrase "and processing
58	fee paid by the prospective tenant within a reasonable time, not to exceed 14 days." in its place.
59	(c) Section 904(b) D.C. Official Code § 42-3509.04(b)) is amended by striking the phrase
60	"30 days" and inserting the phrase "60 calendar days" in its place.

61 Sec. 3. Fiscal impact statement. 62 The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule 63 64 Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)). 65 Sec. 4. Effective date. 66 This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as 67 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 68 69 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of 70 Columbia Register.